UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

XIXIANG YANG, LILING LIU, and QIQI XU, individually and derivatively on behalf of Nominal Defendant GR SUPPLY CHAIN MANAGEMENT INC.,

Plaintiffs,

-against-

ZHIYU LUO,

Defendant,

-and-

GR SUPPLY CHAIN MANAGEMENT INC.

Nominal Defendant.

Civil Action No. 17-2577

SHAREHOLDER DERIVATIVE COMPLAINT

DEMAND FOR JURY

Plaintiffs, XIXIANG YANG ("Yang"), LILING LIU ("Liu"), and QIQI XU ("Xu") (each an individual "Plaintiff", collectively the "Plaintiffs"), by and through their undersigned counsel, KELLEY & ASSOCIATES PLLC, brings this action individually and derivatively on behalf of Nominal Defendant GR SUPPLY CHAIN MANAGEMENT INC. ("GR Supply" or the "Company") against its founder, Chief Executive Officer and President, ZHIYU LUO ("Luo"), and alleges upon personal knowledge as to themselves, upon information and belief as to all other matters, and based upon the investigation conducted by and through their attorneys as follows:

NATURE OF THE ACTION

1. Corporate law professors across the country need only assign this single case to students when lecturing on issues of Director liability, piercing the corporate veil, alter-ego theory, breach of the fiduciary duties of care and loyalty, shareholder rights and violations of the federal securities laws – because Defendant Luo has run afoul of virtually every applicable law, failed to adhere to every conceivable standard, and disregarded every corporate formality in his villainous reign of dominance over the Company; and this is all prior to discovery.

2. This is a shareholder derivative action brought on behalf of the shareholders of GR Supply Chain Management Inc. against its Chief Executive Officer and President, Zhiyu Luo. Plaintiffs bring this action pursuant to CPLR Article 4, Section 624 & 626 of the New York Business Corporation Law, and New York common law to enforce Plaintiffs' rights to inspect certain books and records of Nominal Defendant GR Supply Chain Management Inc. for the purpose of discovering the extent of the wrongdoing GR Supply has committed, to identify which officers and directors may be held responsible for such wrongdoing, and to determine whether a demand upon the Company would be futile pursuant to N.Y. Business Corporations Law § 626(c), among other state law claims.

3. In addition, Plaintiffs bring this action to commence a shareholder derivative action pursuant to CPLR Article 4, the New York Business Corporation Law §§ 626 - 720, along with all other applicable sections of the New York Business Corporation Law, and New York common law; seeking judgment on numerous derivative claims on behalf of the Company, and relief in the form of declaratory judgment, equitable relief, punitive damages, and all other appropriate forms of relief. Judgement on these claims is appropriate as demand upon the corporation is unnecessary and futile pursuant to N.Y. Business Corporations Law § 626(c) and New York common law.

Lastly, Plaintiffs bring several direct claims as individuals based upon the New York state common law and violations of the federal securities laws promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") in connection with fraud and the unauthorized sale of unregistered securities. and New York state common law.

PARTIES TO THE ACTION

A. Plaintiffs

4. Plaintiff Xixiang Yang is a shareholder and beneficial owner of GR Supply and has continuously held GR Supply stock at all relevant times. Plaintiff is a resident of the People's Republic of China.

5. Plaintiff Liling Liu is a shareholder and beneficial owner of GR Supply and has continuously held GR Supply stock at all relevant times. Plaintiff is a resident of the People's Republic of China.

6. Plaintiff Qiqi Xu is a shareholder and beneficial owner of GR Supply and has continuously held GR Supply stock at all relevant times. Plaintiff is a resident of the People's Republic of China.

B. Defendant

7. Defendant Zhiyu Luo ("Luo") has served as the Chief Executive Officer, Director, and President of the GR Supply since its inception. Defendant is a citizen and resident of the State of New York with a residence at 2246 East 15th street in the borough of Brooklyn, of Kings County, in the State of New York.

C. Nominal Defendant

8. Nominal Defendant GR Supply is a New York corporation, incorporated under the laws of the State of New York, and headquartered in New York. According to the New

York Department of State, the corporation and its Registered Agent, Zhiyu Luo, share 2246 East 15th street, Brooklyn, New York as a common address (**Exhibit A)**.

JURISDICTION AND VENUE

9. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1332, because complete diversity exists between Plaintiffs and Defendant, and the amount in controversy exceeds $75,000, as well as 15 U.S.C. § 77(a)(1) and Section 12(a)(1) and Rule 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder. Each Defendant named herein is either a corporation that has conducted business and maintained operations in this District, or is an individual who has sufficient minimum contacts with this District so as to render the exercise of jurisdiction by the District Court permissible under traditional notions of fair play and substantial justice.

10. This Court also has supplemental jurisdiction over the state law claims put forth herein pursuant to U.S.C. § 1367.

11. Venue is proper in the Southern District of New York pursuant to 28 U.S.C. §1391. Defendants regularly conduct business within this District and many of the acts giving rise to the violations complained of herein took place in this District.

FACTUAL BACKGROUND

12. GR Supply is a privately held New York corporation primarily in the business of providing electronic recycling and waste removal services.

13. In addition to providing e-recycling and waste removal services, GR Supply generates income through the sale and distribution (often in bulk) of various types of electronic equipment and parts. GR Supply's inventory is stocked primarily by materials

collected in the course of waste removal pick-ups and bulk purchase of such items from other recyclers and wholesalers. The remainder of the company's inventory is supplemented by the bulk purchase of electronic equipment and parts from online auctions, such as eBay.

14. GR Supply was incorporated and registered on April 11, 2014 by Zhiyu Luo. Luo assumed the title of President, as evidenced in the Company's 2014 tax return filings, attached hereto as **Exhibit B**. To date, no other documents have been furnished to identify any other directors or officers of GR Supply.

15. The Company's initial capital was acquired solely through investments made by Plaintiffs. In 2014 alone, Mr. Lou secured loans from Plaintiffs totaling no less than $105,821, as documented in GR Supply's 2014 tax return filings.

16. In consideration of their capital investments, Mr. Lou promised the Plaintiffs 90% of the Company's equity shares- also documented in GR Supply's 2014 tax return filings.

17. Throughout the Company's existence, Luo solicited several rounds of capital investments from Plaintiffs. The investments made by the Plaintiffs accounted for 100% of the Company's capital investments. Plaintiffs estimate that between the period of February 2014 and September 2015 the sum of their financial contributions to the Company exceeded $500,000.

18. Luo never registered the securities, nor did he duly offer the securities pursuant to any exception to registration.

19. Luo failed to provide the Plaintiffs with stock certificates, marketing materials, or formal documents that are routinely or customarily provided to investors.

20. Each individual Plaintiff holds 30% of the Company's voting shares; Luo holds the

remaining 10%. However, Luo never arranged for a single Annual Meeting of the Shareholders and never provided the Plaintiffs an option for proxy voting.

21. Luo did not provide Plaintiffs with copies of the Certificate of Incorporation, Bylaws, Shareholder Agreement, or any of the Company's constitutive documents. In fact, it is believed that Luo completely failed to adhere to and observe corporate formalities and never created such documents.

22. Still, Lou repeatedly solicited ongoing capital investments from Plaintiffs, stating corporate purposes and relaying positive outlooks, forecasts, and assurances that business was picking up. This continued until late 2015.

23. In or around November 2015, Plaintiff Yang became suspicious of Luo's activities, management of the company, and trustworthiness.

24. Around that time, Yang was contacted by Zhang Yi ("Yi"), a customer of GR Supply.

25. Yi explained that he had a client account with GR Supply, and transferred to Luo a retainer of $100,000 for his account with the Company. The purpose of the account and retainer was to facilitate his bulk purchases of electronic goods from GR Supply. As Yi placed an order, the inventory would be shipped to him immediately, and the cost deducted from his retainer deposit.

26. Yi informed Plaintiff Yang that he placed an order for electronic goods from GR Supply, but upon delivery the contents were of a lesser quantity and lower quality than Luo had promised.

27. Yi requested a refund for the non-conforming goods and a refund of the remaining funds held in his retainer account. Luo denied both requests.

28. Additionally, in or around November 2015, a former employee of GR Supply informed Plaintiff Yang that Luo had directed personal associates, family members, and employees of GR Supply to sell items from the Company's inventory on online auctions such as Ebay and other channels. The proceeds from the sales were then diverted to Luo's personal accounts.

29. To make matters worse, Luo's thievery was not limited to the Company's inventory and cash. As Luo became aware of deals and discounts on electronic supplies and goods (items appropriate for GR Supply's inventory and the types of goods usually sold by the Company), instead of presenting the opportunities to the Company, Luo usurped, seized and acted on the opportunities for his own personal financial gain.

30. Defendant Luo's shady dealings and conduct has severely ruined the Company's reputation and tortuously interfered with the Company's contractual relationships. Luo's rampant looting of the Company's cash, assets, inventory and opportunities has severely damaged the Company and the Plaintiff shareholders. Luo on the other hand, has benefited greatly at the Company and Plaintiff's expense.

PLAINTIFFS' §624 DEMAND AND THE NEGOTIATIONS BETWEEN THE PARTIES

31. By letter dated December 17, 2015, Plaintiff Yang, as a representative of the class of Plaintiffs, made a written demand upon the Company pursuant to N.Y. Bus. Corp. Law § 624 and New York common law for the inspection of certain books and records ("the Demand" or "the Demand Letter"). The Demand Letter is attached hereto as **Exhibit C**.

32. The Demand sought the following categories of documents:

- The annual balance sheet and profit and loss statement for the preceding fiscal year;

- An interim balance sheet and/or profit and loss statement for the current fiscal year;
- All written or electronic documents or other records relating to pick-up and drop-off requests, assignments, or jobs;
- All written or electronic documents or other records relating to all receipts and invoices for services provided, inventory sold, inventory purchased, products sold, and products purchased;
- All written or electronic documents or other records relating to all of the Company's banking and financial accounts including, but not limited to all operating accounts, checking accounts, savings accounts, escrow accounts, brokerage accounts, and investments;
- All written or electronic documents or other records listing all of the Company's assets, investments, inventory, and any and all property in which the Company has an interest;
- All written or electronic documents or other records relating to and containing roster and payroll information for any and all employees, officers, directors, agents, contractors of the Company;
- All written or electronic documents or other records relating to all disbursements made to all individuals on behalf of the Company;
- All written or electronic documents or other records relating to all Company payments, reimbursements expenses, fees, or other disbursements made to, on behalf of, or directed by Zhiyu Luo; and

- All written or electronic documents or other records relating to all debt or equity investments, made to and by the Company, including the source, origin, and destination of such investments.

33. In the Demand Letter, Plaintiff Yang stated numerous proper purposes, any of which provided adequate justification for inspection and review of the requested documents. These include:

a. Concern about the quality of the Company's corporate governance;

b. To investigate potential misconduct, mismanagement, breaches of the fiduciary duties of care and loyalty, and fraud;

c. To assess whether civil action is necessary;

d. To explore if other remedial measures are appropriate; and

e. To determine if certain actions rose to the level of criminal behavior.

34. Plaintiff Xixiang Yang made the demand in good faith, as evidenced by his statement that the demand was not for the purposes of acquiring or distributing shareholder information. Further, Plaintiff voluntarily offered to enter a confidentiality agreement, thereby pre-empting any reasonable objection that might be raised by the Defendants.

35. As set forth above, the Demand Letter stated proper purposes and otherwise complies with the requirements of § 624 of the New York Business Corporation Statutes and the New York common law.

36. On December 23, 2015, through legal counsel, Lou responded to the Demand Letter acknowledging receipt of the Demand Letter and stated that the requested inspection date was not adequate.

37. On December 28, 2015, through counsel, Lou further responded to the Demand via email acknowledging receipt of the Demand Letter, consenting to the demands, and requesting additional time beyond the requested December 28, 2015 deadline.

38. On the afternoon of December 28, 2015 counsel for Plaintiffs and Defendants, communicated via voice call. During the conversation, Defendants stated more time would be required to comply with the requests. Plaintiffs consented to grant more time with the stipulation that additional items be added to the demand list and that items be provided on a rolling basis (as they became available). Additionally, Plaintiffs provided further clarification as to the form in which certain items listed in the Demand could be delivered.

39. On December 29, 2015 Plaintiffs, by counsel, sent an email to formally convey the contents of the December 28, 2015 phone call, including clarification as to certain items listed in the Demand (such as clarification that deposit slips, bank statements, and copies of canceled checks be provided), the stipulation that the documents be provided on a rolling basis, and the additional items the parties agreed would be included in the list of Demands, such as the corporate minutes & bylaws, along with the constitutive documents relating to the operations, management and legal capacity of the Company.

40. On January 4, 2016, by counsel, Lou delivered what appeared to be some of the demanded items including one item labeled "Corporate Minutes & Bylaws." However, upon review, the document was discovered to be blank. Defendants were immediately notified of the defect and asked again to deliver the Corporate Minutes & Bylaws. To this day, the requested documents have not been delivered.

41. On January 4, 2016, by counsel, Lou delivered the "Corporate Profit & Loss Statement" (the "P/L statement") **Exhibit D**, "Corporate Bank Account Statement", and "Corporate Lease."

42. Upon review of the documents, numerous discrepancies were identified. Plaintiffs and Defendants, by their counsel, scheduled a conference call for January 5, 2016 to discuss the discrepancies and potential methods of resolving the matter.

43. On January 5, 2016, in advance of the scheduled conference call, Plaintiff's counsel delivered to Lou and Defendant's counsel a detailed listing of defects in the previously provided documents and outstanding items including the following:

- The monthly statement for the period of May 13,2014 – June 13,2014 missing from the corporate bank statement;
- Identifying a $100,000 discrepancy between the P/L Statements and corporate bank statement, and requesting documentation to explain the discrepancy;
- Scans and copies of checks and wire transfers to identify the nature of the payments. In the alternative, the login information for online access to the business account to evaluate the nature of the myriad of debits and credits posted to the account;
- Restating the demand for copies of receipts;
- The name and contact information for the accounting firm that provided the accounting and auditing services for GR Supply;
- Restating the demand for an accounting of the Company's assets; and
- Restating the demand for the Company's main financial statements, specifically the balance sheet, income statement, and cash flow statement. With regards to the

Balance sheet - the annual balance Sheet from the preceding year, and an interim balance Sheet for the current year.

44. Additionally, Plaintiffs offered to assist in the organization and duplication of the records and reminded Defendants that the demanded items had been pending for over 2 weeks.

45. A conference call was held later on the evening of January 5, 2016. The call was unproductive. Counsel for Plaintiffs requested an estimated date of delivery for the demand items and an audit of which items were not readily available or obtainable. Defendants' counsel refused to provide such an audit. The tenor of the discussion turned combative and the call ended abruptly.

46. With an hour following the call, Defendant's counsel called the Plaintiffs' counsel and informed that a list of GR Supply's employees' names and contact information would be prepared and delivered in the upcoming days, and the outstanding demand items would be assembled and delivered on a rolling basis as they became available. To date, none of the items has been produced.

47. Defendants continue to improperly refuse to grant Plaintiffs their statutory right of inspection. Defendants asserted no reason or purpose for refusing to grant Plaintiffs' inspection rights, failed the correct the discrepancies, and have made no attempts at communication.

48. At no point did Defendants question the validity of the Demand Letter or the itemized requests, raise issues or concerns as to the purpose of the Demand, challenge the Demand in whole or in part, request a reduction of the Demand items, or offer any explanation based in logic or law as to why the demanded items would not be delivered. Defendants have also failed to make any argument that the request was not reasonably related to the Plaintiffs' interests as shareholders.

49. GR Supply and Luo's response and actions constructively equate to a refusal to permit inspection of the requested corporate books and records.

50. By reason of the foregoing, combined with Luo's complete domination over the Company and his position as the sole Director and President, to issue any further requests or demands on the Board to take action would be futile.

DEFECTS IN DELIVERED DOCUMENTS

51. Among the few documents that were delivered was a Citibank corporate bank statement from Citibank. The document was intentionally redacted to exclude certain periods of time and transactions, as well as images of checks and information about the instruments that had been issued. The omitted information was requested multiple times, but never furnished.

52. The P/L sheet is incomplete, appears to contain numerous accounting errors which suggests suspicious activity and improper conduct. Copies of the Balance Sheet and Cash Flow Statement were requested, but never furnished.

53. Luo, by counsel, delivered what he identified as the Corporate Bylaws and Minutes. However, upon inspection the document turned out to be a blank. The actual Corporate Bylaws and Minutes were never furnished.

54. After reviewing the Company's financial reports and bank statements it is apparent that the Company's financial and accounting documents have been doctored by Luo to hide his rampant looting of the Company's accounts and inventory.

DERIVATIVE CLAIMS AND DEMAND FUTILITY

55. Plaintiffs brings this action as individuals and derivatively in the right and for the benefit of GR Supply to redress injuries suffered as a result of the Defendants' breaches of fiduciary duty, abuse of control, and gross mismanagement.

56. Plaintiffs and their counsel will adequately and fairly represent the interests of GR Supply in enforcing and prosecuting its rights.

57. Prior to filing, Plaintiffs, through their counsel, delivered a Demand Letter to Luo and GR Supply.

58. Plaintiffs were shareholders of GR Supply at the time of the wrongdoing complained of, has continuously been shareholders, and continues to be shareholders.

59. Based upon Luo's acts and omissions in direct violation of his fiduciary duties of care, good faith, honesty and loyalty, a pre-suit demand on GR Supply's Board to bring the claims asserted in this action is excused as a futile and useless act.

60. At all relative times, from the formation of GR Supply to the commencement of this action, Luo is the only Director of GR Supply's Board of Directors.

61. Luo personally profited from the wrongdoing alleged herein, personally orchestrated GR Supply's business and basked in the corporate culture of neglect, fraud, and wrongdoing described herein.

62. Luo exercised complete domination over the Company and failed to observe any semblance of corporate formalities.

63. Luo operated the company in a manner in which it had no individual existence of its own, but rather was an instrumentality for Luo to carry out activities for his personal dealings and purposes.

64. Further, as the Company's sole Director and President, Luo is incapable of making an impartial decision as to whether to bring suit, and the conduct at issue - which involves claims of misappropriation and waste of corporate assets, failure to observe to corporate formalities, unjust enrichment, negligence, self-dealing, and bad faith - is so egregious on its face that it could not have been the product of sound business judgement.

65. Defendant Luo is the Company's sole Officer and Director of record, which creates a situation whereby he himself would be responsible for any findings of Director misconduct. Therefore, Defendant Luo would be "interested" in (and therefore conflicted from and unable to fairly consider) a demand because of the likelihood that he would be liable for any findings of misconduct. In light of this, combined with Luo's response to the Plaintiff's Demand for Inspection of Books and Records – it is clear that any demand upon the Board of Directors is excused as futile.

66. One month following the last communication between the Plaintiffs and Defendants attorneys, without warning or notice Defendant Luo, in his sole discretion, effected the dissolution of GR Supply. None of the corporate funds or assets were distributed to the Plaintiff investors or accounted for. The Plaintiffs lost the entirety of their investments.

67. The dissolution of the Company was improper and cannot be duly effectuated absent approval from the Plaintiff shareholders – as a matter of law and equity.

BUSINESS JUDGEMENT RULE

68. As explained above and will be shown at trial, Luo engaged in conduct that was not a legitimate exercise of business judgment and/or is ultravires. Ultimately, the Company was damaged as a direct result of Defendant Lou's rampant misconduct, willful mismanagement, and lack of necessary internal controls. Therefore, the protections of the business judgment

rule do not apply when reviewing Luo's actions or decisions in the management of the Company.

ALTER EGO & PIERCING THE CORPRATE VEIL

69. Luo exercised complete control and domination over the corporation and all of its transactions.

70. Luo used his domination of GR Supply to commit fraud and wrongs that directly and causally injured the Company and Plaintiffs.

71. Luo fraudulently provided the Plaintiffs with false statements and information concerning the business and finances of the Company. Luo knowingly omitted material information and facts about the Company in his communications with the Plaintiffs. He did so with the intent to deceive the Plaintiffs. The Plaintiffs relied on Luo's false statements. The Plaintiffs were damaged as a result.

72. To be clear – Defendant Luo had both total control of the company and used that control to perpetrate fraud and engage in misconduct that injured Plaintiffs and the Company.

73. At all relevant times, Luo operated GR Supply in a manner such that the individuality and separation between them ceased to exist. The Corporation's separate identity was so disregarded that it operated as Luo's alter ego.

74. Luo failed to adhere to the formalities required for the operation of a Corporation. There were no established or adopted Bylaws, stock certificates, Shareholder Agreements, Corporate Minutes, or adequate financial records.

75. Lou personally benefited from his wrongdoing and misconduct, accordingly Luo is personally liable for the resulting damage to Plaintiffs and the Nominal Defendant.

DIRECT CLAIMS ON BEHALF OF THE PLAINTIFFS AS INDIVIDUALS AGAINST DEFENDANTS

AS AND FOR A FIRST CAUSE OF ACTION ON BEHALF OF THE PLAINTIFFS

IMPROPER REFUSAL TO GRANT THE STATUTORY RIGHT OF INSPECTION
(For Judgment Pursuant to CPLR 401-411)

76. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as “1” through “75”, inclusive with the same force and effect as if hereinafter set forth more at length.

77. Section 624 of New York’s Business Corporation Law and New York common law require GR Supply to provide shareholder with access to books and records for any purpose reasonably related to the person’s interest as a shareholder.

78. As detailed herein, Plaintiff Xixiang Yang made a demand upon GR Supply pursuant to §624 and New York common law, and GR Supply has provided an inadequate response to that Demand and otherwise refused to comply with its duties under §624 and New York common law.

79. Article 4 of the CPLR provides a device for challenging the actions of the Company and enforcing Plaintiffs’ rights under New York law. Plaintiffs have a clear right to the enforcement of, and compliance with, §624 and New York common law.

80. Plaintiffs have no adequate remedy at law.

81. Accordingly, Plaintiffs are entitled to judgment under CPLR Article 4 ordering GR Supply to fully comply with Plaintiffs’ Demand under N.Y. Bus. Corp. Law § 624 and New York common law.

AS AND FOR A SECOND CAUSE OF ACTION ON BEHALF OF THE PLAINTIFFS

(BREACH OF DIRECTOR’S FIDUCIARY DUTY)

82. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as “1” through “81”, inclusive with the same force and effect as if hereinafter set forth more at length.

83. New York’s Business Corporation Law and New York Common Law provides the Plaintiffs with a cause of action against a Director or Officer when the Director or Officer engages is conduct (inclusive of actions, failure to act, malfeasance, and misfeasance) that results in a breach of their inherent fiduciary duties.

84. Luo, as a Director and Officer, had a fiduciary duty to act in the best interests of the Company and its shareholders at all times, and to exercise diligence and prudence in the management of the Company.

85. That by reason of the foregoing, Luo owed Plaintiffs certain fiduciary duties.

86. Lou failed to execute such inherent fiduciary duties that he owed to the Plaintiffs. Lou’s conduct resulted in a breach his fiduciary duties including those of loyalty, care, diligence, candor, and good faith.

87. The wrongful conduct described herein was not due to honest error in judgment, but rather Luo’s gross mismanagement, bad faith and/or reckless disregard of the rights and interests of GR Supply’s shareholders.

88. Luo has demonstrated a wanton and reckless disregard for the rights of plaintiffs, failed to adhere to Corporate formalities, failed to provide the Plaintiffs with the rights ordinarily granted to investors and shareholders, acted fraudulently and in bad faith as shown by the egregious conduct described in the foregoing.

89. Luo breached his fiduciary duties to the Plaintiffs which proximately caused the Plaintiffs to suffer injuries, damages, and financial loss. As a result, Plaintiffs have suffered damages in an amount to be determined at trial, but believed to exceed $1,000,000 plus fees, costs, interest and such further relief as the Court should deem just and proper.

AS AND FOR A THIRD CAUSE OF ACTION
ON BEHALF OF THE PLAINTIFFS

(SALE OF UNREGISTERED SECURITIES IN VIOLATION OF § 12(a)(1) OF THE SECURITIES ACT)

90. That Plaintiffs repeat, reiterates, and reallege each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "95", inclusive with the same force and effect as if hereinafter set forth more at length.

91. Defendant Luo offered and sold unregistered securities to Plaintiffs.

92. The sale of these securities was in violation of section 77e of the Securities Act.

93. Defendant Luo used the interstate commerce system, the mails, and/or interstate phone call, to offer or sell the unregistered securities.

94. As a result, Plaintiffs have suffered damages in an amount to be determined at trial, but believed to exceed $500,000 plus fees, costs, interest and such further relief as the Court should deem just and proper.

AS AND FOR A FOURTH CAUSE OF ACTION
ON BEHALF OF THE PLAINTIFFS
(UNJUST ENRICHMENT)

95. That Plaintiffs repeat, reiterates, and reallege each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "94", inclusive with the same force and effect as if hereinafter set forth more at length.

96. Defendants unlawfully and fraudulently obtained money and/or property belonging to Plaintiff in an amount to be determined at trial, but believed to exceed $1,000,000.

97. If Defendants are permitted to retain the money and/or property unlawfully and fraudulently from Plaintiffs, the Defendants will be unjustly enriched.

98. As a result, Plaintiffs have suffered damages in an amount to be determined at trial, but believed to exceed $1,000,000 plus fees, costs, interest and such other relief as the Court should deem just and proper.

AS AND FOR A FIFTH CAUSE OF ACTION
ON BEHALF OF THE PLAINTIFFS
(CONVERSION)

99. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "98", inclusive with the same force and effect as if hereinafter set forth more at length.

100. Based on the representations and promises made by Defendants, Plaintiffs wired and provided Defendants at least $500,000.

101. Defendants exercised dominion over the Plaintiffs money by unlawfully taking the money and engaging in conduct not outside the bounds of the agreement and detrimental to the interests of the Plaintiffs.

102. Defendants breached the terms of the agreement, converted Plaintiffs' assets, and now refuse to make the Plaintiffs whole.

103. As a result, Plaintiffs have suffered damages in an amount to be determined at trial, but believed to exceed $500,000 plus fees, costs interests and such further relief as the Court should deem just and proper.

AS AND FOR A SIXTH CAUSE OF ACTION
ON BEHALF OF THE PLAINTIFFS
Violations of Exchange Act Section 10(b) and Exchange Act Rule 10b-5 Thereunder

104. Plaintiffs repeats and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "103", inclusive with the same force and effect as if hereinafter set forth more at length.

105. Luo directed the operations and management of GR Supply, and, directly and indirectly, controlled the conduct of GR Supply in its business dealings. Because of his position, Luo was apprised of all relevant information about the Company, and aware of the truthfulness and falsehood of statements made to the Plaintiffs.

106. As the President and the Director of the company, Luo had a duty to disseminate accurate and truthful information with respect to GR Supply's financial condition and results or operations, and to promptly correct any statements which had become materially false or misleading.

107. Because of his position of control and authority as an officer/director, Luo was able to, and did, control the contents of messages, reports, and information which was disseminated to the Plaintiffs

108. Throughout the relevant time period, Luo exercised his power and authority to cause GR Supply to engage in the wrongful acts complained of herein. Luo therefore, was the "controlling person" of GR Supply within the meaning of Section 10(b) of the Exchange Act. In this capacity, Luo participated in the unlawful conduct alleged herein.

109. Luo, therefore, acted as a controlling person of GR Supply. By reason of his officer and/or director position(s) of GR Supply, Luo had the power to direct the actions of, and exercised the same to cause, GR Supply to engage in the unlawful acts and conduct complained of herein.

Luo exercised control over the general operations of GR Supply and power to control the specific activities which comprise the primary violations about which Plaintiffs complain.

110. Defendant, Lou, directly or indirectly, by use of the means and instruments of interstate commerce or of the mails, knowingly or recklessly: employed devices schemes or artifices to defraud; (b) made untrue statements of material fact or omitted to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading; or engaged in acts, practices or courses of business which operated or would operate as a fraud or deceit on any person, in connected with the purchase or sale of securities.

111. Upon reasonable diligence, Plaintiff will likely discover additional violations by the Defendants.

112. By reason of the foregoing, Defendant Luo is liable pursuant to Section 10(b) of the Exchange Act for the violations committed by GR Supply and those of his own doing.

113. As a result of the above, Plaintiffs were damaged.

DERIVATIVE CLAIMS ON BEHALF OF THE COMPANY

AS AND FOR A SEVENTH CAUSE OF ACTION
DERIVATIVELY ON BEHALF OF THE COMPANY
(BREACH OF FIDUCIARY DUTY)

114. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "113", inclusive with the same force and effect as if hereinafter set forth more at length.

115. Luo owed and owes the Company fiduciary obligations. By reason of his fiduciary relationship, Luo specifically owed the Company the highest obligation of good faith, fair dealing, loyalty and due care.

116. Luo engaged in unsavory, unlawful, and fraudulent conduct that resulted in the violation and breach of his duty as a fiduciary to exercise due care, loyalty, reasonable inquiry, oversight, good faith, candor, diligence and supervision in the execution of his positions.

117. Luo abused his position of control and favored his own interests at the expense of GR Supply.

118. The wrongful conduct described herein was not due to an honest error in judgment, but rather Luo's gross mismanagement, bad faith and/or reckless disregard of the rights and interests of GR Supply or its shareholders.

119. As a direct and proximate result of Luo's failure to perform his fiduciary obligations, the Company has been injured and sustained significant damages, not only monetarily, but also to its corporate image and goodwill.

120. As a result of the misconduct alleged herein, Luo is liable to the Company.

121. By engaging in deceitful conduct, self-dealing, usurpation of corporate opportunities, misappropriation of corporate assets, conversion of corporate assets, combined with other bad acts which resulted in mismanagement of the Company, corporate waste, loss of goodwill, insolvency, and other debilitating circumstances for the company as well as breaches of his duties as a Director and President of the Company.

122. Defendant Lou has failed to observe and adhere to Corporate formalities.

123. Defendant Luo breached his fiduciary duty to Nominal Defendant GR Supply.

124. As a result, Nominal Defendant has suffered damages in an amount to be determined at trial, but believed to exceed $1,000,000 plus fees, costs, interest and such further relief as the Court should deem just and proper.

AS AND FOR AN EIGHTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(GROSS MISMANAGEMENT)

125. Plaintiff incorporates by reference, repeats, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "124", inclusive with the same force and effect as if hereinafter set forth more at length.

126. Luo had a duty to the Company and its shareholders to prudently supervise, manage and control the operations, business, internal financial accounting, corporate records and disclosure controls of the Company.

127. Luo, by his actions and by engaging in the wrongdoing described herein, abandoned and abdicated his responsibilities and duties with regard to prudently managing the business of the Company in a manner consistent with the duties imposed upon him by law. By committing the misconduct alleged herein, Luo breached his duties of due care, diligence and candor in the management and administration of the Company's affairs and in the use and preservation of the Company's assets.

128. During the course of the discharge of his duties, Luo knowingly and recklessly disregarded the unreasonable risks and losses associated with his misconduct, yet Luo caused the Company to engage in the conduct complained of herein which he knew had an unreasonable risk of damaging the Company, thus breaching his duties to the Company. As a result, Luo grossly mismanaged the Company.

AS AND FOR A NINTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(USURPTION OF CORPORATE OPPORTUNITY)

129. Plaintiff incorporates by reference, repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as “1” through “128”, inclusive with the same force and effect as if hereinafter set forth more at length.

130. Luo breached his fiduciary duty of loyalty to the company by acting in his own best interest and stealing corporate opportunities from the Company.

131. Luo unlawfully usurped financial opportunities that belonged to the Company.

132. As a result of Luo’s usurpation of corporate opportunities, GR Supply and it’s shareholders were damaged.

133. Nominal Defendant has no remedy at law.

AS AND FOR AN TENTH CAUSE OF ACTION
DERIVATIVELY ON BEHALF OF THE COMPANY
(CORPORATE WASTE)

134. Plaintiff incorporates by reference and realleges each and every allegation contained in paragraphs “1” through “133”, inclusive with the same force and effect as if hereinafter set forth more at length.

135. Luo had a fiduciary duty to exercise good faith and diligence in the administration of the affairs of GR Supply and in the use and preservation of its property and assets, and the highest obligations of fair dealings.

136. Luo diverted corporate assets that were specifically intended for operations and process for other improper purposes, instead of using those corporate assets for their intended purpose.

137. As a result of Luo’s actions, GR Supply has suffered losses and incurred substantial financial and reputational damage.

138. As a result of the misconduct described above, and by failing to properly consider the interests of the Company and its shareholders, Luo has caused the Company to incur significant legal liability and/or legal costs to defend itself as a result of Luo's unlawful actions.

AS AND FOR A ELEVENTH CAUSE OF ACTION
DERIVATIVELY ON BEHALF OF THE COMPANY
(INTERFERENCE WITH CONTRACT)

139. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "138", inclusive with the same force and effect as if hereinafter set forth more at length.

140. Implied in ever contract is a duty of good faith and fair dealing.

141. On behalf of Nominal Defendant GR Supply, Defendant Luo contracted with Yi for the sale of certain goods and products.

142. Yi deposited and Lou accepted $100,000 to be credited to Yi's client retainer account to facilitate the execution of business transactions.

143. Defendant Luo used his domination of the Company to cause it to fail in the performance of its ibligations.

144. Defendant Luo unlawfully interfered with the contract between the Company and Yi. As a result, the company suffered financial and reputational damages.

AS AND FOR A TWELTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(CONVERSION)

145. That Plaintiffs repeat, reiterates, and realleges each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "144", inclusive with the same force and effect as if hereinafter set forth more at length.

146. Based upon the representations and promises made by Defendant Luo, Plaintiffs wired and provided Defendant Luo an excess of $500,000, which was to be used as capital investments in the Company. Plaintiffs has ownership, possession or control over the property prior to the transfer.

147. Defendant Luo exercised an unauthorized dominion over the Plaintiff's investment funds by unlawfully using the money for his own personal benefit, and to the detriment of the Plaintiffs and the Company.

148. Defendant Luo breached the terms of the Agreement with Plaintiffs, converted the Plaintiff's funds, the Company's financial, intangible and tangible assets, including its inventory.

149. As a result, the Nominal Defendant GR Supply has suffered damages in an amount believed in excess of $2,000,000, plus fees, costs, interest and such further relief as the Court should deem just and proper.

AS AND FOR A THIRTEENTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(ABUSE OF CONTROL)

150. That Plaintiffs repeats, reiterates, and reallege each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "149", inclusive with the same force and effect as if hereinafter set forth more at length.

151. Luo's misconduct alleged herein constitutes an abuse of his ability to control and influence the Company, for which he is legally responsible. In particular, Luo abused his position of authority by causing or allowing the Company to engage in the wrongful conduct described herein.

152. As a direct and proximate result of Luo's abuse of control, the Company has sustained significant damages and is unlikely to exist a going concern.

153. As a result of the misconduct alleged herein, Nominal Defendant GR Supply has been damaged, the extent of which is not readily ascertainable, but believed to exceed $3,000,000.

AS AND FOR A FOURTEENTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(UNJUST ENRICHMENT)

154. That plaintiff repeats, reiterates, and realleges each and every allegation contained in those paragraphs of this complaint marked and designated as "1" through "153", inclusive, with the same force and effect as if hereinafter set forth more at length.

155. Luo derived compensation, fees and other benefits from the Company and was otherwise unjustly enriched during the time in which the wrongful practices occurred, to the detriment of the Company. Luo profited by engaging in the wrongful conduct set forth herein. Luo also wrongfully converted funds and assets belonging to the Company.

156. If Defendant Luo is permitted to retain the money and/or property unlawfully and fraudulently obtained from the Company, the Defendant Luo will be unjustly enriched.

157. As a result, the Company has suffered damages in an amount believed to be in excess of $1,500,000 plus fees, costs, interest and such further relief as the Court should deem just and proper

AS AND FOR A FIFTEENTH CAUSE OF ACTION
ON BEHALF OF THE COMPANY
(IMPROPER REFUSAL TO GRANT THE STATUTORY RIGHT OF INSPECTION)
(For Judgment Pursuant to CPLR 401-411)

158. That Plaintiffs repeat, reiterates, and reallege each and every allegation contained in those paragraphs of this petition marked and designated as "1" through "157", inclusive with the same force and effect as if hereinafter set forth more at length.

159. Section 624 of New York's Business Corporation Law and New York common law require GR Supply to provide shareholder with access to books and records for any purpose reasonably related to the person's interest as a shareholder.

160. As detailed herein, Plaintiff Xixiang Yang made a demand upon GR Supply pursuant to §624 and New York common law, and GR Supply has provided an inadequate response to that Demand and otherwise refused to comply with its duties under §624 and New York common law.

161. Article 4 of the CPLR provides a device for challenging the actions of the Company and enforcing Plaintiffs' rights under New York law. Plaintiffs have a clear right to the enforcement of, and compliance with, §624 and New York common law.

162. Plaintiffs have no adequate remedy at law.

163. Accordingly, Plaintiffs are entitled to judgment under CPLR Article 4 ordering GR Supply to fully comply with Plaintiffs' Demand under N.Y. Bus. Corp. Law § 624 and New York common law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demands judgment against Defendants, jointly and severally, as follows:

a) On the Plaintiffs first cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;
b) On the Plaintiffs second cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;
c) On the Plaintiffs third cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

d) On the Plaintiffs fourth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

e) On the Plaintiffs fifth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

f) On the Plaintiffs sixth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

g) On the Plaintiffs seventh cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

h) On the Plaintiffs eighth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

i) On the Plaintiffs ninth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

j) On the Plaintiffs tenth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

k) On the Plaintiffs eleventh cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

l) On the Plaintiffs twelfth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper.

m) On the Plaintiffs thirteenth cause of action, judgment in the amount of $3,000,000; together with attorney fees and costs, and any other relief as the Court may deem just and proper;

n) On the Plaintiffs fourteenth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

o) On the Plaintiffs fifteenth cause of action, judgment in the amount of $3,000,000, together with attorney fees and costs, and any other relief as the Court may deem just and proper;

p) Declaratory judgment and equitable relief in the form of disgorgement of all earnings, profits, and benefits received by Defendant Luo;

q) Declaratory judgment and equitable relief in the form of recission of the Plaintiffs' purchase of GR Supply stock;

r) Declaratory judgment and equitable relief under the legal principle of piercing the corporate veil holding Defendant Luo personally liable for all judgment awards;

s) Declaratory judgment and equitable relief under the legal principle of alter ego, holding Defendant Luo personally liable for all judgment awards;

t) Granting an order of attachment over the properties and accounts owned by Defendants for the purpose of satisfying any awards granted to Plaintiffs;

u) An order for the disgorgement of profits obtained by Luo in connection with his position of director, employee, shareholder, or officer of GR Supply and/or in connection with the conduct complained of herein;

v) Awarding punitive damages for each and every one of the aforementioned derivative claims at the maximum amount permitted by law;

w) Awarding punitive damages for each and every one of the aforementioned direct claims at the maximum amount permitted by law;

x) Awarding to Plaintiffs the costs and disbursements of this action, including prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs and expenses associated with the prosecution of the action;

y) Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury as to all issues of triable right.

Dated: April 9, 2017
New York, New York

Respectfully submitted,

KELLEY & ASSOCIATES PLLC

By: Ra'Shaun Kelley

Ra'Shaun J. Kelley
SDNY No: RK9324
250 Park Avenue, 7th Floor
New York, NY 10177
(212) 920-5733
rkelley@kelley.legal
Attorneys for Plaintiffs